

ORIGINAL

OPEN MEETING

MEMORANDUM



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TO: THE COMMISSION

FROM: Utilities Division

DATE: April 22, 2015

RE: IN THE MATTER OF THE APPLICATION OF ALLIANT GAS, L.L.C. FOR APPROVAL OF A PURCHASED GAS ADJUSTOR SURCHARGE CREDIT FOR THE PAYSON-AREA PROPANE GAS DISTRIBUTION SYSTEM. (DOCKET NO. G-20889A-15-0103)

3 CORP COMMISS
DOCKET CONTROL

BACKGROUND

On March 26, 2015, Alliant Gas L.L.C. ("Alliant") filed an application for approval of a Purchased Gas Adjustor ("PGA") Credit of \$0.50 per therm beginning June 1, 2015, for its Payson-area gas distribution system.

Pursuant to Decision No. 61225 (October 30, 1998), Alliant is required to address its PGA bank balance when there is either an under-collected or over-collected balance exceeding \$265,000. While the Payson-area division has not yet exceeded the threshold, Alliant has calculated that it will over collect and exceed this threshold balance by the end of April 2016. Alliant has estimated its 12-month forward gas costs, the impact of those estimated costs on its PGA rate, and its bank balance. Alliant believes the over-collection could grow to as much as \$1.2 million during the next year unless a credit is implemented to reduce this projected over-collected balance.

With the implementation of a \$0.50 per therm credit effective June 1, 2015, it should take approximately 11 months (or through April 2016) to reduce the current over-collection to near zero and would provide a credit of about \$160 per customer over that time period.

Data analyses and the anticipated impact of the credit is set forth in Exhibit A of Alliant's application. Alternative credits are also provided and their estimated outcomes; Alliant, however, believes the best alternative is the \$0.50 per therm credit. Staff has reviewed Alliant's data and analyses and agrees that a \$0.50 per therm credit is a reasonable action to take to reduce the over-collected balance.

Alliant also requests that the credit be allowed to terminate when the bank balance is reduced to \$50,000 over-collected, as opposed to \$0, to help avoid potential under-collection. Staff will be reviewing Alliant's monthly PGA reports and may ask that the credit be reduced if the bank balance appears to be going down more rapidly than expected.

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

Re

RECOMMENDATIONS

Staff recommends that a PGA credit of \$0.50 per therm be approved for Alliant's Payson-area gas distribution system to be made effective June 1, 2015, and to continue until the bank balance is reduced to \$50,000 or less over-collected.



Steven M. Olea
Director
Utilities Division

SMO:JJP:red\CHH

ORIGINATOR: Jeffrey Pasquinelli

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 SUSAN BITTER SMITH
3 Chairman

4 BOB STUMP
5 Commissioner

6 BOB BURNS
7 Commissioner

8 DOUG LITTLE
9 Commissioner

10 TOM FORESE
11 Commissioner

12 IN THE MATTER OF THE APPLICATION }
13 OF ALLIANT GAS, L.L.C. FOR APPROVAL }
14 OF A PURCHASED GAS ADJUSTOR }
15 SURCHARGE CREDIT FOR THE PAYSON- }
16 AREA PROPANE GAS DISTRIBUTION }
17 SYSTEM. }

DOCKET NO. G-20889A-15-0103

DECISION NO. _____

ORDER

18 Open Meeting
19 May 12 and 13, 2015
20 Phoenix, Arizona

21 BY THE COMMISSION:

22 FINDINGS OF FACT

23 1. Alliant Gas L.L.C. ("Alliant") is certificated to provide gas distribution service as a
24 public service corporation in the State of Arizona.

25 2. On March 26, 2015, Alliant filed an application for approval of a Purchased Gas
26 Adjustor ("PGA") credit of \$0.50 per therm beginning June 1, 2015, for its Payson-area gas
27 distribution system.

28 3. Pursuant to Decision No. 61225 (October 30, 1998), Alliant is required to address its
29 PGA bank balance when there is either an under-collected or over-collected balance exceeding
30 \$265,000. While the Payson-area division has not yet exceeded the threshold, Alliant has calculated
31 that it will over collect and exceed this threshold balance by the end of April 2016. Alliant has
32 estimated its 12-month forward gas costs, the impact of those estimated costs on its PGA rate, and its
33 bank balance. Alliant believes the over-collection could grow to as much as \$1.2 million during the
34 next year unless a credit is implemented to reduce this projected over-collected balance.

1 4. With the implementation of a \$0.50 per therm credit effective June 1, 2015, it should
2 take approximately 11 months (or through April 2016) to reduce the current over-collection to near
3 zero, and would provide a credit of about \$160 per customer over that time period.

4 5. Data analyses and the anticipated impact of the credit are set forth in Exhibit A of
5 Alliant's application. Alternative credits are also provided with estimated outcomes; Alliant, however,
6 believes the best alternative is the \$0.50 per therm credit. Staff has reviewed Alliant's data and
7 analyses and agrees that a \$0.50 per therm credit is a reasonable action to take to reduce the over-
8 collected balance.

9 6. Alliant also requests that the credit be allowed to terminate when the bank balance is
10 reduced to \$50,000 over-collected, as opposed to \$0, to help avoid potential under-collection. Staff
11 will be reviewing Alliant's monthly PGA reports and may ask that the credit be reduced if the bank
12 balance appears to be going down more rapidly than expected.

13 **Recommendations**

14 7. Staff has recommended that a PGA credit of \$0.50 per therm be approved for Alliant's
15 Payson-area gas distribution system to be made effective June 1, 2015, and to continue until the bank
16 balance is reduced to \$50,000 or less over-collected.

17 **CONCLUSIONS OF LAW**

18 1. Alliant is an Arizona public service corporation within the meaning of Article XV,
19 Section 2, of the Arizona Constitution.

20 2. The Arizona Corporation Commission has jurisdiction over Alliant and over the
21 subject matter of the application.

22 3. The Arizona Corporation Commission, having reviewed the application and Staff's
23 Memorandum dated April 22, 2015, concludes that the implementation of the PGA credit should be
24 approved as discussed herein.

25 ...

26 ...

27 ...

28 ...

ORDER

IT IS THEREFORE ORDERED that a Purchased Gas Adjustor credit of \$0.50 per therm is approved for Alliant Gas, L.L.C.'s Payson-area gas distribution system.

IT IS FURTHER ORDERED that the credit shall be effective June 1, 2015, and continue until the bank balance is reduced to \$50,000 or less over-collected.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2015.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO: JJP:red\CHH

Decision No. _____

1 SERVICE LIST FOR: Alliant Gas, L.L.C. - Payson Area
2 DOCKET NO. G-20889A-15-0103

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8 Payson, Arizona 85541

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10 Fennemore Craig, P.C.
11 2394 East Camelback Road
12 Phoenix, Arizona 85016

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15 Arizona Corporation Commission
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18 Ms. Janice M. Alward
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